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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 04/20/06

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, April 19

NIHON KEIZAI (Page 2) (Full)

April 20, 2006

08:03

Met Deputy Chief Cabinet Secretary Nagase at Kantei.

09:00

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Attended a meeting of the Lower House Administrative Reform Special Committee.

11:58

Arrived at Kantei.

13:00

Returned to the Lower House Administrative Reform Special Committee meeting.

17:47

Attended a meeting of Council on economic and Fiscal Policy at Kantei.

19:17

Met Chief Cabinet Secretary Abe.

19:42

Met Deputy Chief Cabinet Secretary Futahashi.

19:44

Returned to his official residence.

4) US ambassador: "We would like Japan to lift its ban on US beef imports"

MAINICHI (Page 2) (Full)

April 20, 2006

In a speech in Tokyo yesterday, US Ambassador to Japan Thomas Schieffer pointed to the existence of a perception gap between Japanese and American consumers on the safety of US beef. He remarked: "In order to remove it (the perception gap), we would like the Japanese government to lift its ban first. If US beef reach them, I believe Japanese consumers, too, will find US beef safe." He called for an early resumption of US beef imports.

The ambassador then added: "Even if I stress the safety of US beef, the product is not on supermarket shelves, so (consumers) cannot buy it. (Japanese consumers) have no choice of buying US beef."

5) US Ambassador: "Agriculture stands in way of promoting Japan-US EPA," calling for Japan's early resumption of US beef

TOKYO SHIMBUN (Page 9) (Full)

April 20, 2006

In a speech in Tokyo yesterday, US Ambassador to Japan Thomas Schieffer spoke about a possible economic partnership agreement (EPA), including a free trade agreement (FTA), between Japan and the US. He took a positive view about such an accord, saying: "If the two countries promote economic integration, they would be

able to enjoy unimaginably high economic growth." But he also indicated that the issue of Japan's agricultural market liberalization would stand in the way of such negotiations between the two countries.

Many Japanese government officials, from the viewpoint of protecting domestic farmers, are negative about concluding an EPA with the US. The ambassador said that the US gives priority to concluding a comprehensive accord, including the agricultural sector. "It is Japan that must make the judgment, for if it keeps

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its agricultural market closed, the US will not be able to start negotiations," he added. In reference to the East Asia EPA concept advocated by the Ministry of Economy, Trade and Industry, the ambassador said: "The US is a part of the Asia-Pacific region. If we are excluded from Asia, it would be unacceptable to us." On the issue of US beef imports, Schieffer stated, "Unless we swiftly resolve the issue, it could undermine our bilateral economic relations." He stressed, "I would like Japan to lift its ban on US beef imports."

6) US Ambassador in speech: "I am worried about exclusion of US" from East Asia FTA

NIHON KEIZAI (Page 5) (Full)
April 20, 2006

In a speech in Tokyo yesterday, US Ambassador to Japan Thomas Schieffer expressed concern about the proposal by the Ministry of Economy, Trade and Industry (METI) to conclude a comprehensive free trade agreement (FTA) covering the entire East Asian region. The ambassador said: "There seems to be the intention of excluding the US from Asia."

Countries in East Asia are increasingly interested in signing bilateral FTAs. The METI proposal calls for an accord involving Japan, China, South Korea, the Association of Southeast Asian Nations (ASEAN), India and other countries in the region. The ambassador stated: "The US is a member of Asia and also has interests in the region. I am worried that the US may be shut out of Asia."

7) Japan, ROK trade last-minutes barbs over Takeshima survey; Japan looking for ways to reach breakthrough, while ROK adopts parliamentary resolution seeking cancellation of survey

ASAHI (Top play) (Excerpts)
April 20, 2006

The government of the Republic of Korea (ROK) has raised a strong objection to the Japan Coast Guard's (JCG) plan for a marine survey within (Japan's) exclusive economic zone (EEZ) that includes the waters around Takeshima (Dokdo), which is claimed by both Japan and the ROK. The Japanese government, hoping to resolve the standoff, continued negotiations with the ROK yesterday. ROK Minister of Foreign Affairs & Trade Ban Ki Moon is expected to call Japanese Ambassador to the ROK this morning to convey his country's response to the Japanese side. Meanwhile, the JCG's two survey boats yesterday arrived at Sakai Port in Tottori Prefecture and are standing by there for a survey. Depending on the response from the ROK, relations between the two countries are likely to go from bad to worse.

Prime Minister Koizumi late yesterday stated: "I'd like to deal with the matter in accordance with international law." When asked by reporters at his official residence about the strong opposition raised by the ROK government, Koizumi said: "It's better not to be overly excited. Japan will respond in a non-emotional manner." He called on the ROK to respond cool-headedly.

Chief Cabinet Secretary Abe told a press briefing yesterday: "Following international law, both sides need to respond coolly. Our planned survey is a scientific one, and I think it is the same as the ones conducted by other countries." Abe indicated

that a marine survey is allowed without giving prior notice to other countries under the United Nations Convention on the Law of the Sea.

He also revealed that Japan was discussing the matter with the ROK, saying: "We on the part of Japan want to resolve it as amicably as possible. We are in contact with South Korean officials."

According to a government official, Administrative Vice Foreign Minister Shotaro Yachi yesterday met with ROK Ambassador to Japan Ra Jong Yil in Tokyo and suggested adopting a prior notification system under which both countries would give prior notice to each other on surveys.

In addition, Japan has suggested to the ROK that if the ROK did not apply to the upcoming international conference in June for permission to use Korean names to describe the ocean floor in the area.

But the ROK appears unwilling to change its stance in spite of this suggestion. Ban said, "If Japan immediately withdrew its (survey) plan, we'd be able to respond to negotiations with Japan." As it stands, no clue for resolving the standoff is in sight.

8) Government may conditionally suspend maritime survey near Takeshima; Proposes to South Korea it give up naming submarine features

TOKYO SHIMBUN (Top Play) (Excerpts)
April 20, 2006

In an attempt to find a breakthrough in the standoff between Tokyo and Seoul over Japan's planned maritime survey near a group of South Korea-controlled islets (Takeshima in Japan and Dokdo in South Korea) in the Sea of Japan, claimed by both Japan and South Korea, the Japanese government yesterday proposed to South Korea that it give up on proposing at an international conference in Germany in June a list of names for submarine features around the disputed islets. Tokyo has told Seoul that if South Korea gives up on the naming, Japan would halt the marine survey. This was revealed by a government source.

Although the government has not changed its policy, it is concerned that the bilateral relationship will worsen further since South Korea has strongly reacted against the planned survey. Tokyo has begun negotiations with Seoul to bring about a satisfactory settlement. However, whether South Korea will respond to Japan's proposal is uncertain.

9) ROK's strong reaction to Japan's maritime survey near Takeshima could derail two countries' "joint struggle" on abduction issue; Perplexed Kantei eager to calm the storm

TOKYO (Page 2) (Excerpt)
April 20, 2006

The Japanese government plans to carry out a maritime survey in the vicinity of Takeshima (Dokdo in Korean), the isles claimed by both Japan and the Republic of Korea. Faced with a fierce reaction to the plan from South Korea, the Prime Minister's Official Residence (Kantei) is eager to calm the storm that has

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been created. If the Japanese side were to compromise and halt the survey, it would make an accomplished fact the ROK's claim to the isles. But if relations between the two countries become even worse, it might lead to damaging the planned "joint struggle" to resolve the issue of Japanese and South Koreans abducted by North Korea.

10) Japan to embargo outward-bound secondhand goods, tighten

pressure on North Korea

SANKEI (Page 1) (Full)
April 20, 2006

The Ministry of Finance has decided to introduce stricter procedures on May 1 for foreign seamen's personal exports of secondhand articles from Japanese ports. At present, crewmen on board foreign vessels entering Japanese ports have only to orally declare outward-bound secondhand goods as private souvenirs. MOF will now require them to declare these used commodities in writing. This is intended to tighten customs clearance. However, it is also aimed to step up Japan's pressure on North Korea with its stricter application of existing laws.

A senior MOF official clarified the decision in yesterday's meeting of the ruling Liberal Democratic Party's abduction task force headed by LDP Acting Secretary General Ichiro Aisawa.

According to the MOF Customs and Tariff Bureau, outgoing foreign seafarers currently have only to verbally declare their own personal goods and other commodities worth up to 300,000 yen for customs clearance. This has enabled foreign crewmen to export commodities in large quantities, such as used electric appliances and bicycles.

MOF has already decided to revise its relevant notifications and narrow the applicable scope of simplified customs clearance. Articles for non-private purposes will be subject to written declaration with their names, quantities, values, and other required descriptions for permission.

Electronic appliances with hi-tech parts could be diverted to military use. Used bikes were reportedly sold in China as sources for its acquisition of foreign currency.

"We strictly check even orally declared articles," a senior MOF customs official said, adding: "From now on, however, we'd like to step up our cooperation with other relevant organizations." Customs agents will keep a sharp eye out for human and materiel traffic to North Korea, as well as drug and gun running.

Pyongyang has not shown any sincere willingness to resolve the problem of Japanese nationals abducted to North Korea. The government has therefore announced that Japan will intensify its pressure on North Korea. In the meantime, the Ministry of Internal Affairs and Communications has also notified each prefectural government of its decision to review property tax breaks and exemptions for facilities affiliated with the pro-Pyongyang General Association of Korean Residents in Japan (Chongryun). In addition, MIC has plans to intensify postal checks in order to prevent illegal remittances to North Korea and to monitor illegal radiowaves.

11) Former LDP Vice President Yamasaki to leave for China on

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April 25

SANKEI (Page 5) (Full)
April 20, 2006

Taku Yamasaki, former vice president of the ruling Liberal Democratic Party (LDP) will visit Beijing for two days from April 25. He is expected to meet separately with Chinese Vice President Zeng Qinghong and National Defense Minister Cao Gangchuan. He plans to exchange views with the Chinese leaders on such issues as China's military buildup, China's gas exploration in the East China Sea, North Korea's nuclear programs, and Prime Minister Junichiro Koizumi's visits to Yasukuni Shrine. He will be accompanied by former Defense Agency chief Gen Nakatani, a member of the Tanigaki faction in the LDP.

12) EU Representative Solana: "After consultations with Japan, US," EU will decide on whether to lift its arms embargo

By Naoki Fukuhara, Brussels

European Union (EU) Representative of Common Foreign and Security Policy Solana was interviewed yesterday by the news media, including the Mainichi Shimbun, ahead of the Japan-EU summit meeting later this month. On the question of whether to lift the EU's arms embargo on China, Solana took a cautious stance, saying that the EU would make its decision after consultations with Japan and the United States. On the other hand, he stated that the EU "cannot provide assistance" to the Palestinian government now led by Hamas, an Islamic fundamentalist group.

Since the Tiananmen Square Incident in 1989, the EU has placed an arms embargo on such exports to China, but China has been calling for its early removal. But Solana said, "We are not at the final stage for lifting the ban," and he emphasized: "The EU is now in the process of working out strict rules on arms exports."

Referring to Hamas, which the EU designates as a terrorist organization, Solana called on it to reject violence and respect the Middle East peace process. He implied that unless Hamas complies with that request, the EU would continue the policy of not providing direct aid to the Palestinian Authority.

13) Kantei gives green light to raising Defense Agency to ministry status in appreciation of Futenma relocation agreement; Bill may be submitted to current Diet session

SANKEI (Page 2) (Excerpts)
April 20, 2006

Bright prospects have appeared for the government's plan to submit to the current Diet session a bill to upgrade the Defense Agency to ministry status. The issue has been clouded by a bid-rigging scandal involving the Defense Facilities Administration Agency. The Prime Minister's Official Residence (Kantei) reportedly has approved the bill's presentation as a reward to the Defense Agency, which successfully obtained local government concurrence with the relocation plan for the US Marine Corps' Futenma Air Station in Okinawa. With the Diet's June 18 closing date approaching, the bill may not pass the Diet without an

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extension of the session. Nevertheless, the ministry's elevation in status has suddenly become a real possibility.

One Defense Agency official said, "The Kantei has given the go-sign to the ministry plan." The Kantei has given high marks to the Defense Agency's initiative in producing a revised government plan that has obtained the support of Nago City, the relocation site for Futenma Air Station, despite strong local opposition, according to another official. Upon being briefed April 10 by Defense Agency Director General Fukushima Nukaga on what was agreed upon with Nago, Prime Minister Koizumi praised the ministry's efforts, saying, "Great progress was made."

The bid-rigging incident involving DFAA, in which three agency officials were arrested in January, has been an impediment to raising the Defense Agency to ministry status. The Defense Agency came up with a set of scandal-prevention steps, including dismantling the DFAA, and presented them to the prime minister on March 24. The view is prevalent in the Liberal Democratic Party that the bid-rigging scandal has been settled for now.

Timed with this, the ruling bloc's coordination effort has moved into full swing. The Ruling Coalition National Security Project Team chaired by Taku Yamasaki met yesterday in the Diet building to receive from the Defense Agency an itemized explanation on the bill to make the Defense Agency a ministry. The Defense Agency plan includes such steps as revising the Defense Agency Establishment Law into a ministry establishment law and revising the Self-Defense Forces Law in a way to raise the SDF's international peace cooperation activities to be a primary duty.

14) Government submits letter rebutting USTR report

MAINICHI (Page 2) (Full)
April 20, 2006

The government yesterday submitted to the US government a letter of refutation of the 2006 trade barrier report issued by the US Trade Representatives (USTR) that included a call for Japan's early resumption of US beef imports. The letter noted: "The US first must observe the import conditions agreed on between Japan and the US as part of efforts to restore our confidence in its export program."

The USTR report, released in late March, referred to the incident in January of a specified risk material found in a US beef shipment to Japan: "Export safety criteria were not observed, but there were no problems in terms of safety." In reaction, Tokyo claimed in the letter: "We suspended import procedures because doubts are being raised about the inspection system of the US Department of Agriculture, in addition to problems with private meat-processing plants."

15) Susan Schwab, Japan expert and tough negotiator, nominated as USTR representative

YOMIURI (Page 9) (Full)
April 20, 2006

Susan Schwab, 51, has been nominated as the US Trade Representative after only five months in her post as deputy USTR since last November. She is the third woman to assume the top USTR post, following Carla Hills and Charlene Barshefsky.

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Schwab demonstrated her tough negotiating stance in the Doha Round of the World Trade Organization (WTO) negotiations, which took place immediately after she assumed the deputy USTR slot. At the negotiating table, she said, "Food importers, including Japan, have no interest in making progress in these negotiations."

Schwab was once posted as a trade policy officer at the US Embassy in Tokyo from 1979 to 1981. She is considered a Japan expert. In an interview by the Yomiuri Shimbun on the sidelines of the WTO Hong Kong conference late last year, she replied to a question in the Japanese for: "Oh, is that so?" All the more because she knows Japan well, she will likely take a tough stance in the negotiations with Japan on US beef imports and other issues.

The WTO Doha Round is now in an extremely delicate situation since it seems difficult to reach a general agreement in late April, the date decided in the Hong Kong conference. The replacement of the USTR representative may give the impression that the United States has given up on having a successful Round. Global attention will be on how enthusiastic the new USTR head will be about those talks.

16) US plans nuclear fuel reprocessing test with Japan

MAINICHI (Page 2) (Abridged)
April 20, 2006

Washington, Hiroaki Wada

The United States wants to conclude a bilateral agreement with Japan to test technologies in the areas of fast reactors and spent nuclear fuel reprocessing, US Deputy Secretary of Energy Clay Sell told the Mainichi Shimbun in an interview on April 18. The Department of Energy will send an official to Japan next week to explain its plan.

In February this year, the United States announced the Global Nuclear Energy Partnership, or GNEP for short, to work together

with Japan and other countries to develop spent nuclear fuel reprocessing technologies that can hardly be diverted to nuclear weapons. "Japan has an enormous accumulation of fast reactor and reprocessing technologies," Sell said in the interview.

The GNEP initiative also coincides with Japan's policy of consolidating a nuclear nonproliferation regime. "Japan is interested in the export market of relevant technologies, so our cooperation will be in the interests of both countries," Sell stressed.

Sell said the United States for the time being would like to work together with Japan within the framework of existing arrangements, such as the Japan-US Atomic Energy Agreement. The United States would like to hold talks with Japan and other partners in order to enter into a bilateral or multilateral agreement intended to protect intellectual property rights and to share costs and benefits, the DOE official said.

17) Five administrative reform bills to pass Lower House today; Prime minister indicates plan to leave formation of specifics to next cabinet

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SANKEI (Page 3) (Excerpts)
April 20, 2006

In its meeting yesterday, the House of Representatives Administrative Reform Special Committee voted on five administrative reform bills, which the government regarded as priority legislation, and adopted them by a majority. The five bills are likely to be adopted in a Lower House in its plenary session today and be sent to the House of Councillors. In a general interpellation to wind up the meeting yesterday, Prime Minister Junichiro Koizumi expressed his intention to leave the task of working out specifics for reform plans, including a cut in the number of public servants, to his successor. Such a plan might leave open the possibility of allowing the bureaucracy to put up resistance.

In yesterday's meeting, the prime minister indicated that his successor would take responsibility for working out specifics in line with his policy line once the bills are enacted.

The administrative reform bills include only the philosophy of reform and numerical targets. So the focus was on to what extent details will be worked out in Diet deliberations.

In the meetings held so far by the Lower House Administrative Reform Special Committee, however, all cabinet ministers remained noncommittal. The prime minister, too, just said regarding the proposed 5% net reduction in the number of public servants over five years, a measure to which bureaucrats have reacted most fiercely: "It is not easy to address this challenge, because it is necessary to reduce about 6,800 civil servants annually."

18) New Komeito leader Kanzaki expresses annoyance with Minshuto head Ozawa's denial of meeting with Soka Gakkai chairman

SANKEI (Page 5) (Full)
April 20, 2006

Minshuto (Democratic Party of Japan) President Ichiro Ozawa denied in a press conference on April 19 reports of a meeting with Soka Gakkai Chairman Einosuke Akiya. The religious sect Soka Gakkai is the main support body of the New Komeito. In that connection, New Komeito head Takenori Kanzaki commented: "I heard about the meeting from the Soka Gakkai. Mr. Ozawa reportedly called on Mr. Akiya to tell him of his assumption of the Minshuto presidency. I wonder why Mr. Ozawa denied the meeting." He expressed his annoyance with Ozawa's action.

SCHIEFFER